

APOLLO

# The outlook for stablecoins

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**Apollo Global Management**

July 2025

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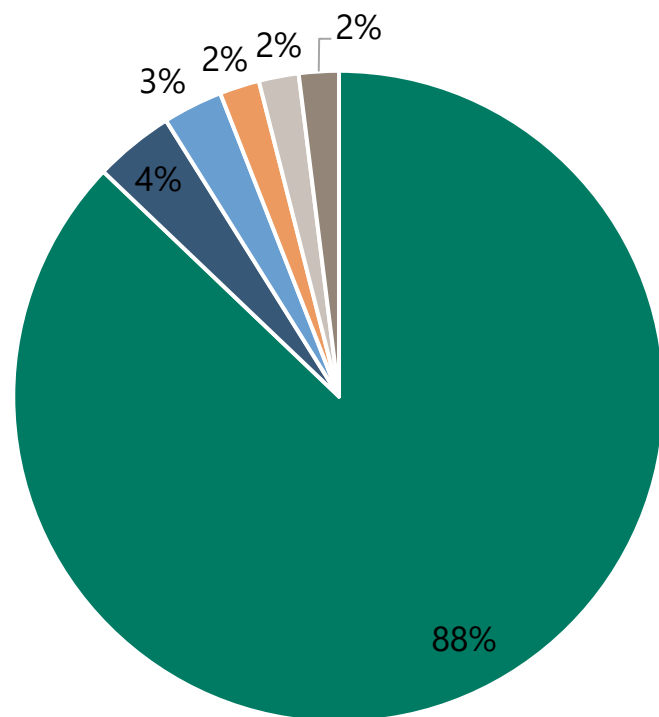
## Overview

Stablecoins are not yet a universal payment method for daily retail purchases, but they are being used for crypto trading, cross-border payments, B2B settlements, remittances, and by individuals and businesses in some emerging markets.

As the stablecoin market continues to grow, so will stablecoin demand for T-bills. As a result, stablecoins are likely to become big buyers of US government debt.

# Almost 90% of stablecoin use is crypto trading

Stablecoin transaction breakdown



■ Crypto Trading Pairing ■ On/Off-Ramping ■ Tokenized RWA Settlement ■ Payments - P2P ■ Payments - B2C/ C2B ■ Payments - B2B

## Conclusions

1. Almost 90% of stablecoin use is crypto trading, which will likely continue to grow
2. The big breakthrough will be if US dollar stablecoins will be used for retail payments globally
3. If the US dollar stablecoin market grows into the trillions it will significantly grow demand for US T-bills
4. There are financial stability risks because money will be moved around quickly if depositors lose confidence in a stablecoin issuer

# Arguments for and against rapid growth in the stablecoin market

## Arguments for rapid growth:

- Transferring stablecoins is much faster and cheaper than traditional cross-border bank wires or SWIFT transfers.
- Payments settle almost instantly and can be done 24/7, making stablecoins attractive for both retail and business users—especially in countries with limited or expensive banking infrastructure.
- Financial inclusion by increasing access to unbanked/under-banked households globally.

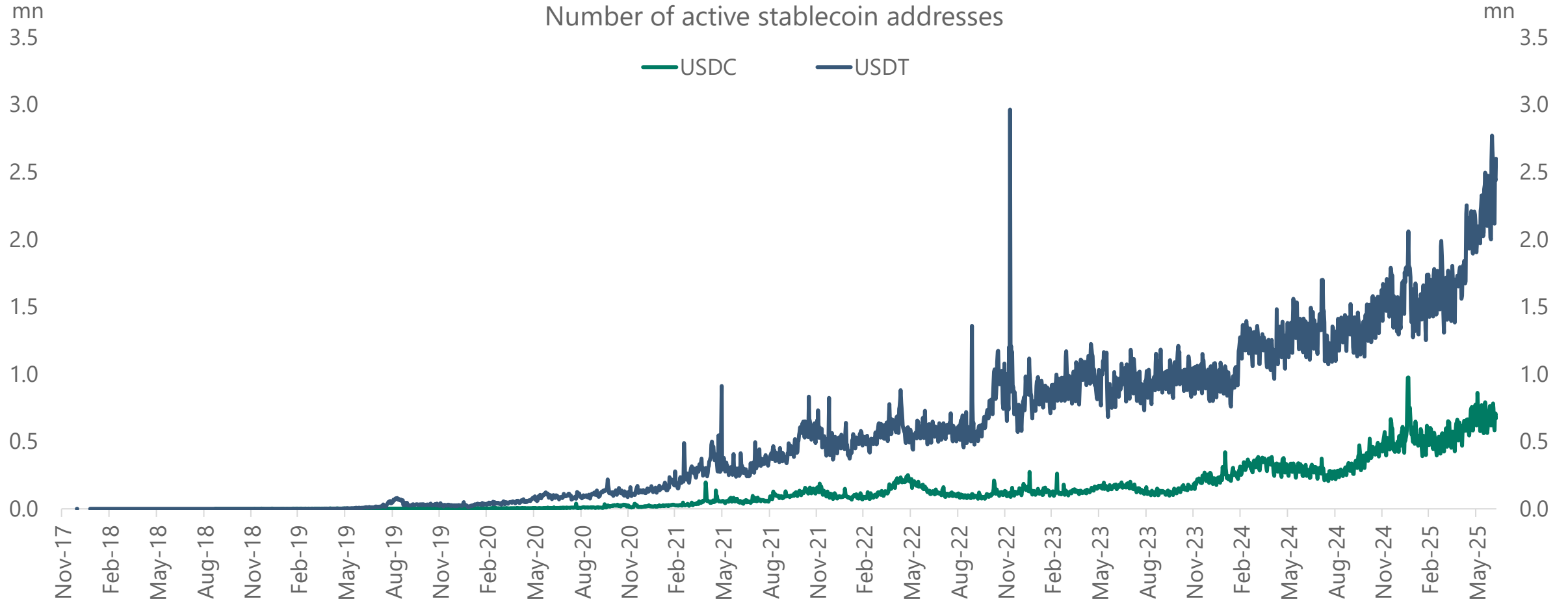
## Arguments against rapid growth:

- “Why pay with stablecoins when I can pay in dollars or euros?”
- Financial stability risks in case of deposit runs. Issuers of stablecoins are private companies: Introduces counterparty risks.
- Illicit activity, KYC and AML

# What are the financial stability risks associated with stablecoins?

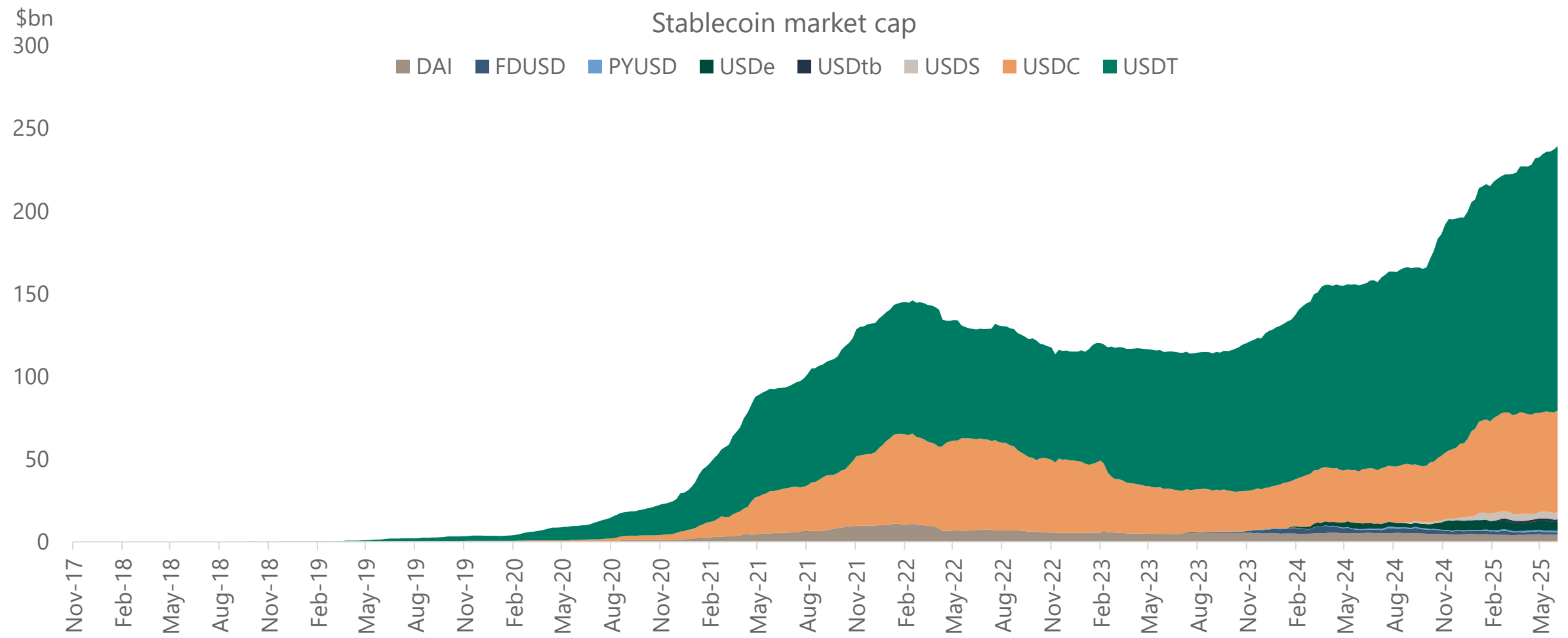
1. Risk of runs and loss of value, including implications for T-bill markets
2. Erosion of bank deposits and disruption of intermediation
3. Contagion to the broader financial system

# More people opening stablecoin addresses



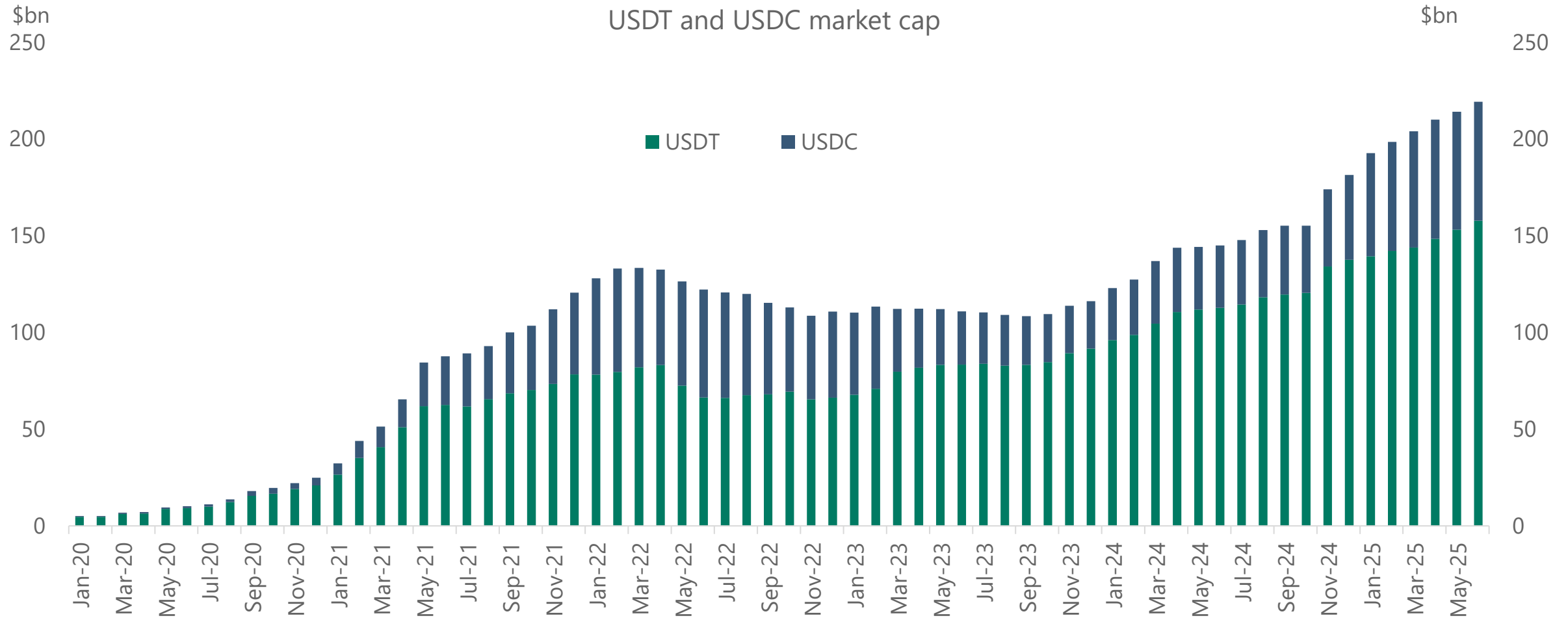


# Stablecoin market cap at roughly \$250bn

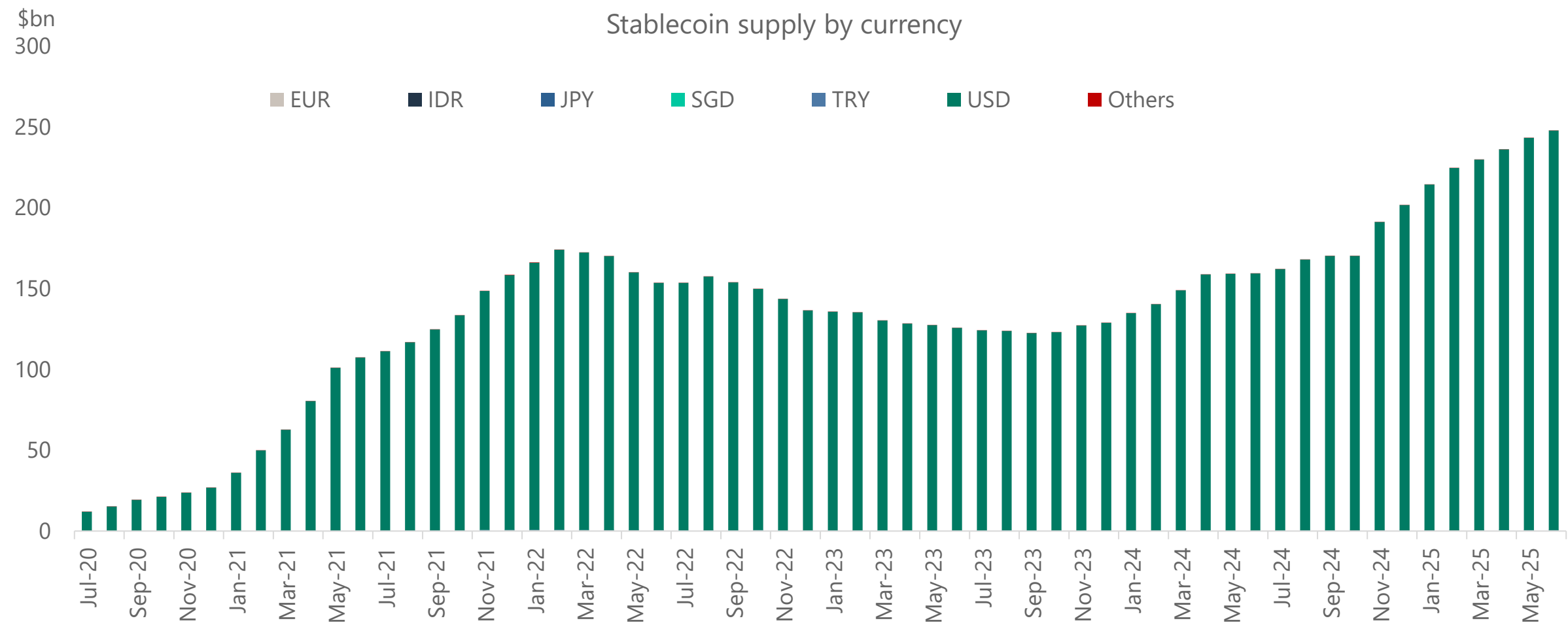


Source: Artemis, Apollo Chief Economist

# USDT and USDC make up roughly 85% of stablecoin market cap

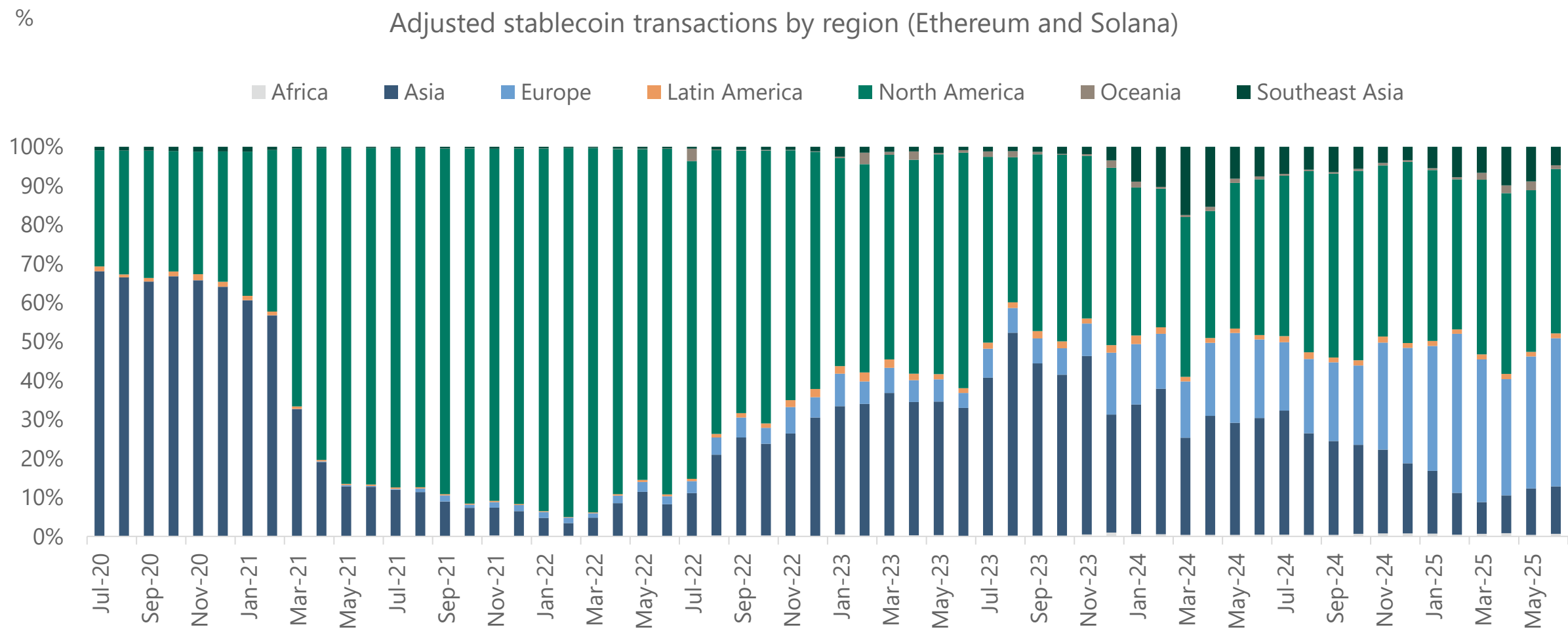


# Stablecoin supply, by currency



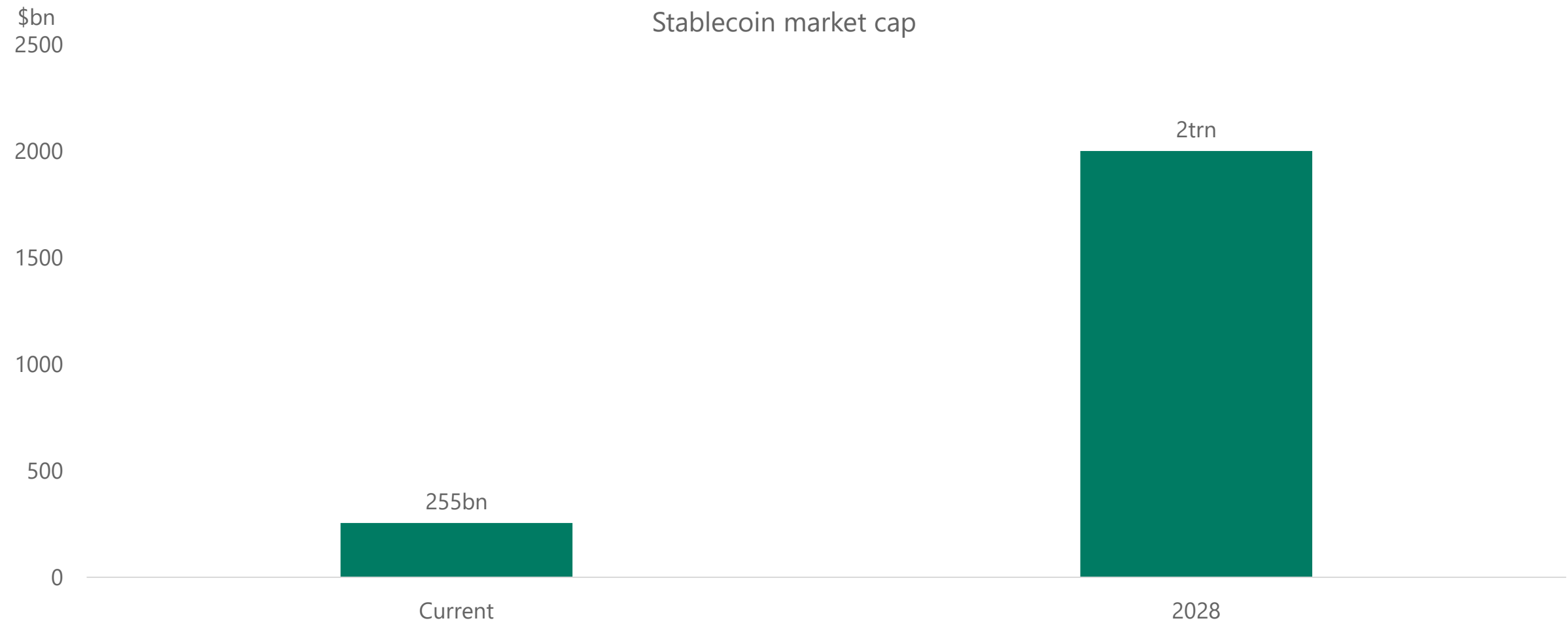
Source: Artemis, Apollo Chief Economist

# Stablecoin transactions concentrated in Europe and North America



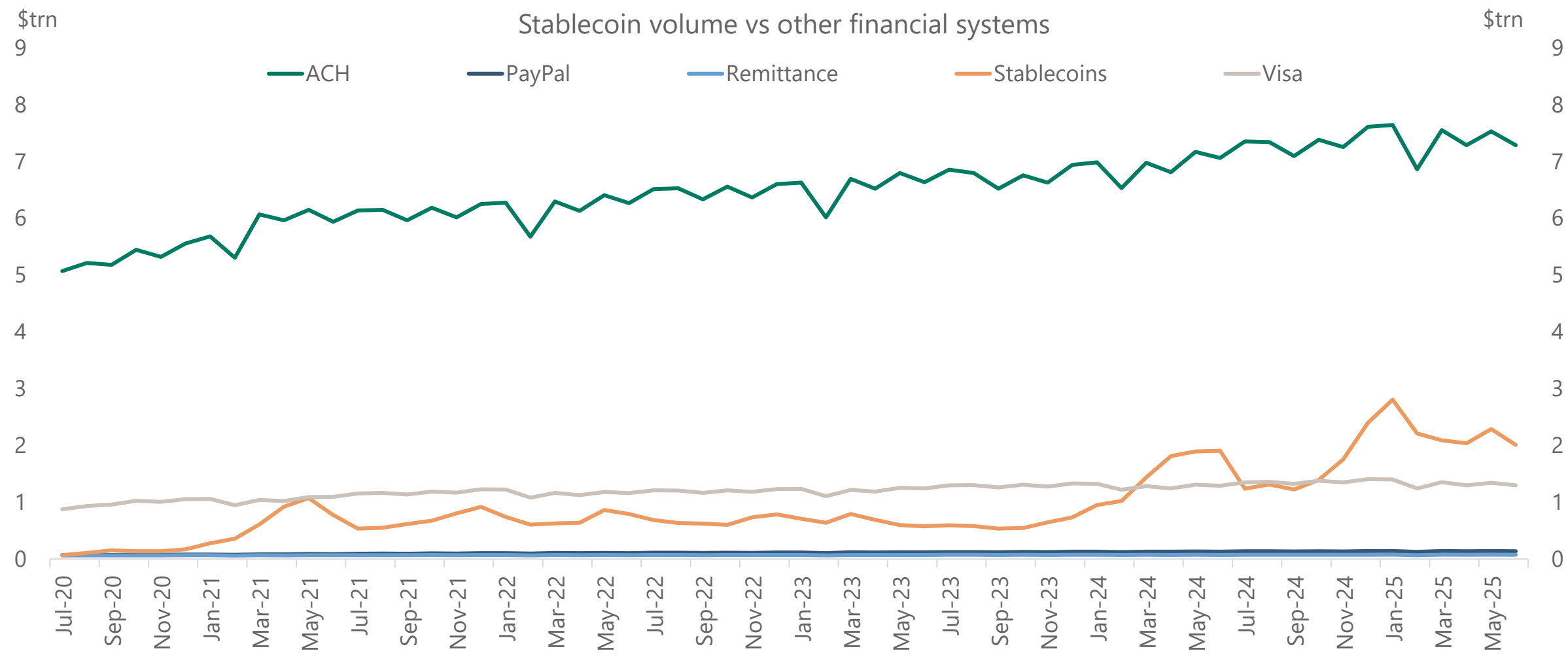
Source: Artemis, Apollo Chief Economist

# The stablecoin market could grow to \$2trn in 2028



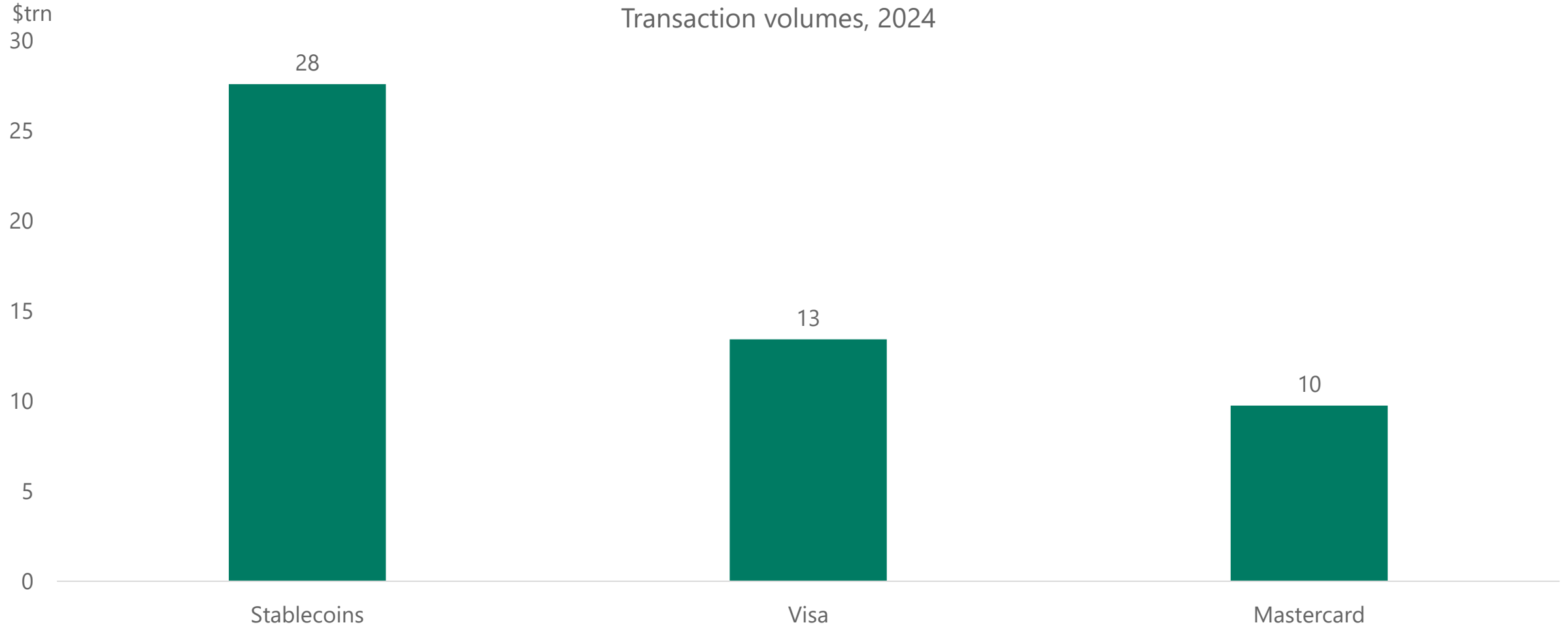
Source: DefiLlama, TBAC, Treasury, Apollo Chief Economist

# Stablecoin volumes have surpassed Visa

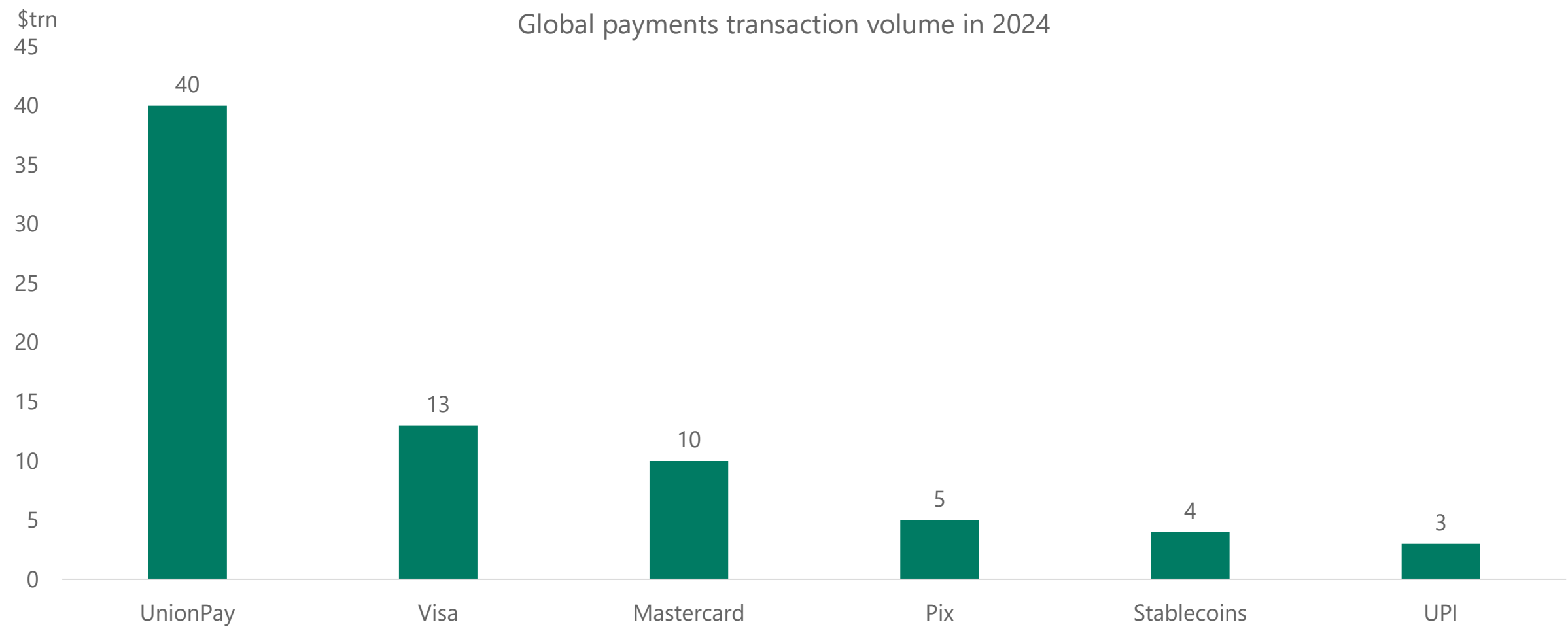


Source: Artemis, Apollo Chief Economist

# Stablecoin transaction volumes compared with Visa and Mastercard



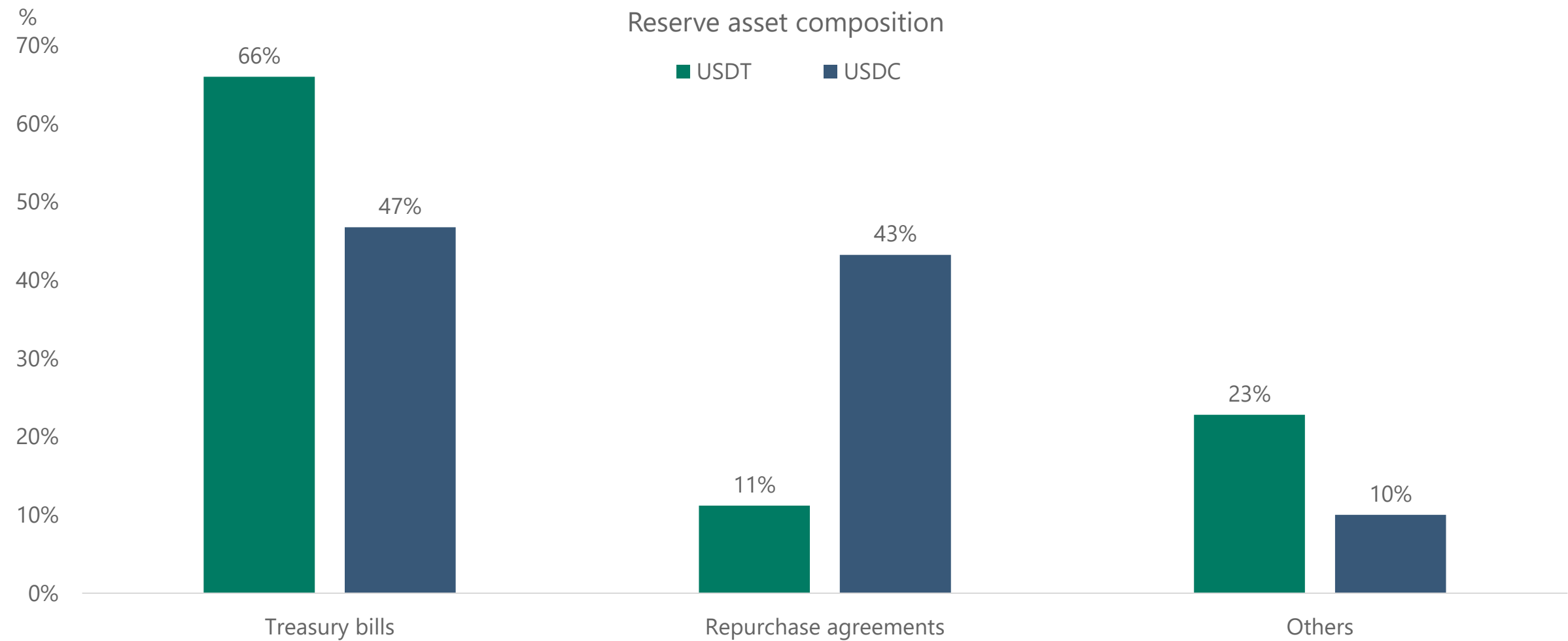
# Stablecoins still lag in transaction volume to Visa and Mastercard as a use for payments



Source: [the-future-of-finance-2025-fit-for-growth-built-for-purpose.pdf](#), BCG, Apollo Chief Economist



# Reserve asset composition of USDT and USDC

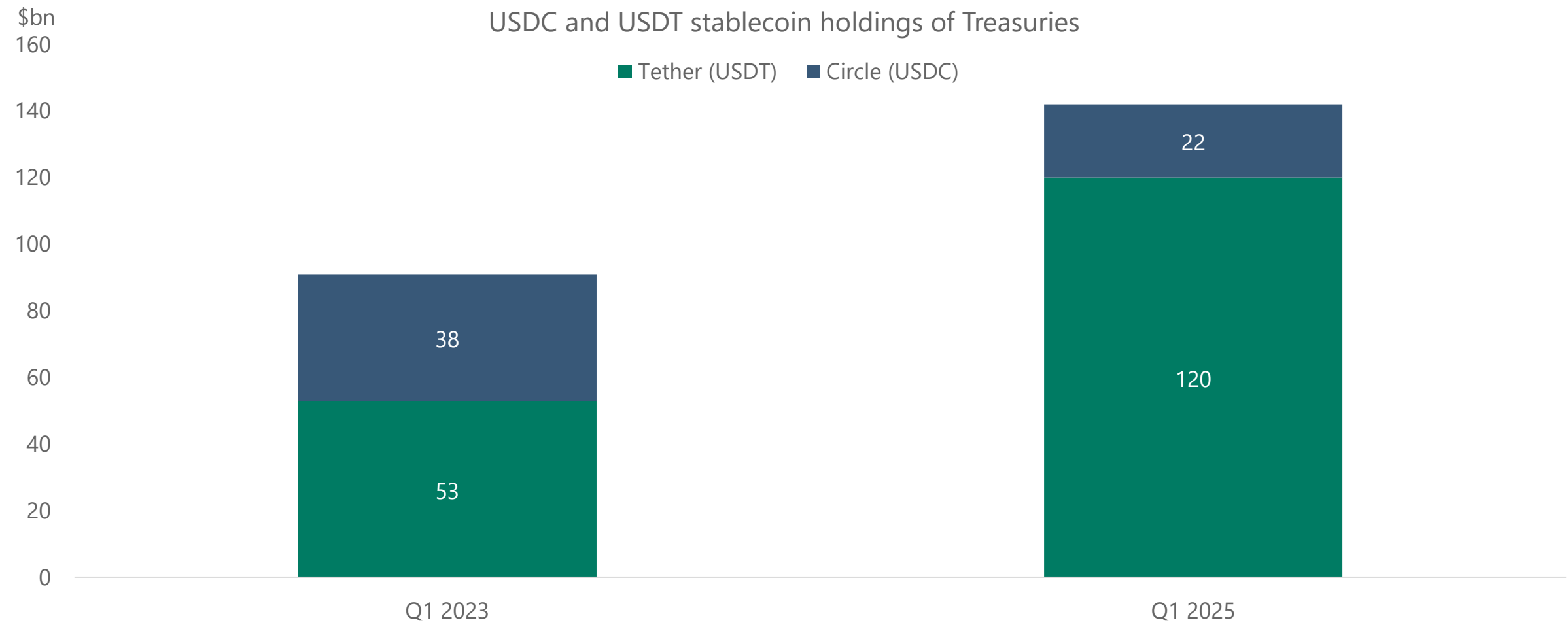


Source: Circle, Tether, Apollo Chief Economist

# Stablecoins are the 18<sup>th</sup> largest external holder of Treasuries

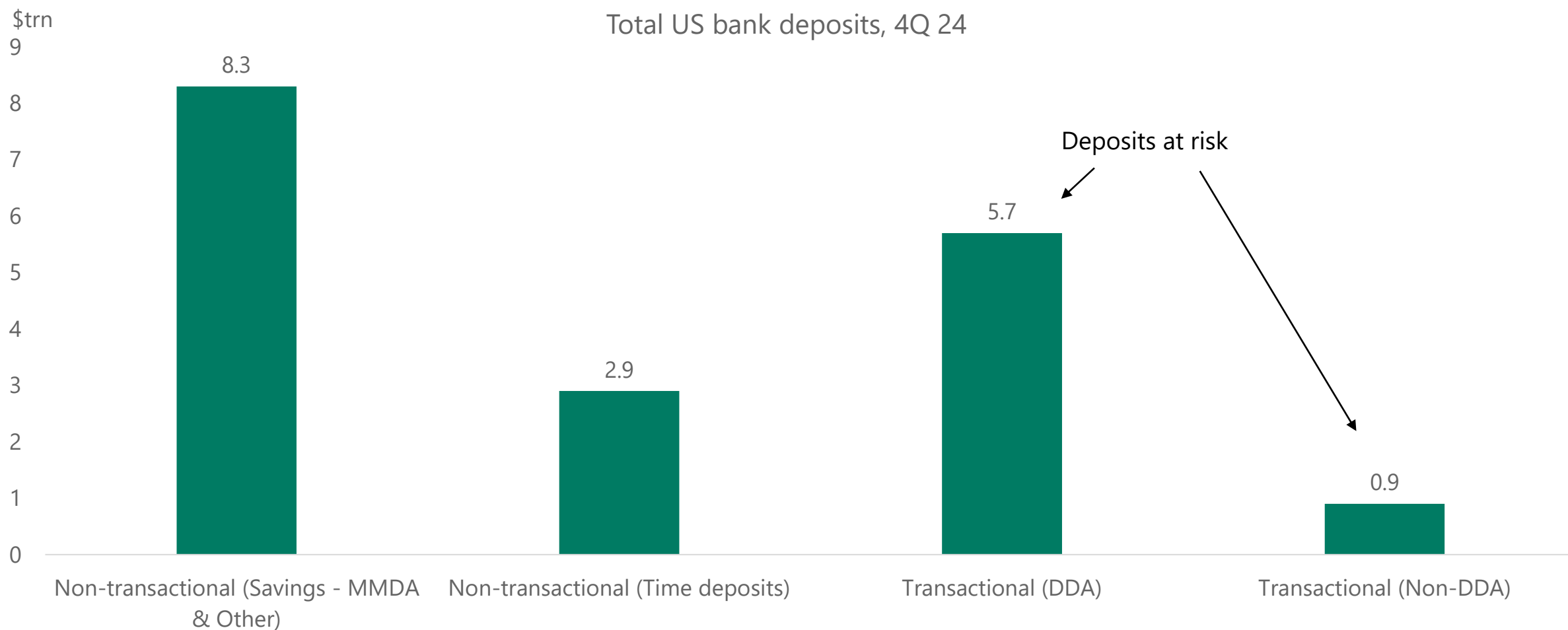


# Stablecoins could become a significant new source of demand for Treasuries



Source: Tether, Circle, Apollo Chief Economist

# \$6.6 trn in bank deposits at risk from stablecoin growth



## Conclusions

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Torsten Slok joined Apollo in August 2020 as Chief Economist and he leads Apollo's macroeconomic and market analysis across the platform.

Prior to joining, Mr. Slok worked for 15 years as Chief Economist at Deutsche Bank where his team was top ranked in the annual Institutional Investor survey for a decade. Prior to joining Deutsche Bank Mr. Slok worked at the IMF in Washington, DC and at the OECD in Paris.

Mr. Slok has a Ph.D in Economics and has studied at the University of Copenhagen and Princeton University.